

FISCAL NOTE

Bill #: SB0110

Title: Medicaid Redesign: HIFA and 1115 demonstration waiver authority

Primary Sponsor: J. Cobb

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

| | <u>FY 2006 Difference</u> | <u>FY 2007 Difference</u> |
|--|--------------------------------------|--------------------------------------|
| Expenditures: | | |
| Federal Special Revenue | \$0 | \$14,520,000 |
| Revenue: | | |
| Federal Special Revenue | \$0 | \$14,520,000 |
| Net Impact on General Fund Balance: | \$0 | \$0 |

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget* | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

*The matching funds to obtain this federal money are included in the Executive Budget. These federal funds are not included in the Executive Budget.

Fiscal Analysis

ASSUMPTIONS:

Department of Public Health and Human Services (DPHHS)

1. The Montana Department of Public Health and Human Services will seek a federal waiver from the Center of Medicare and Medicaid Services (CMS) to strengthen community mental health services for adults and provide increased healthcare coverage to uninsured low-income children and adults in Montana through an 1115 Medicaid Demonstration waiver.
2. The waiver proposal utilizes existing state funding authority provided through the Mental Health Services Plan (MHSP) and the Montana Comprehensive Health Association (MCHA). MHSP and MCHA are currently funded with 100% general funds and/or state special revenue funds; therefore this waiver proposal does not require additional appropriation of state funding.
3. The state will continue to fund some services with 100% state funds for existing MHSP and MCHA clients that have Medicare eligibility. Those individuals will not be included in the waiver proposal because they are already insured.

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4. If the waiver is approved, federal Medicaid funds can be used for current MHSP mental health and pharmacy benefits for the estimated 1,500 MHSP clients who are uninsured, as long as they are also provided with a Medicaid funded physical health care benefit. Securing Medicaid funding for a portion of current MHSP services frees up general fund for other uses. However, there is a federal maintenance of effort requirement that any savings achieved through refinancing of state funded program must be reinvested in expanded health care coverage for other groups of uninsured low-income Montanans.
5. To satisfy this maintenance of effort requirement the department will provide almost 2,700 low-income uninsured Montanans with a health care benefit. The populations covered under the proposal include:
 - a. a physical health care benefit for uninsured children with low-income, covering up to 1,800 uninsured low-income children per year,
 - b. mental health benefits and physical health care benefit for severely emotionally disturbed (SED) children age 18 through 20, covering up to for 300 SED children per year,
 - c. a physical health care benefit for uninsured parents of Medicaid children, covering up to 600 uninsured low-income working parents per year.
6. The waiver secures Medicaid funding for a portion of the state program that provides premium assistance to low-income people enrolled in the Montana Comprehensive Health Association (MHCA) program. The savings generated by securing Medicaid participation in the cost of MCHA Premium Assistance will be used to ensure the continued viability of the program, reduce the out-of-pocket cost to consumers, and/or serve some of the people who are currently on the program's waiting list due to the limited availability of state funding. The proposal will impact approximately 270 low-income Montanans under the MCHA Premium Assistance Program and could be expanded to address approximately 40 individuals on a waiting list (as of October 2004).
7. The general funds saved in MHSP and MCHA as a result of this waiver will be used to match federal Medicaid dollars at the federal medical assistance program (FMAP) rate of 70.08 in FY 2007. The additional federal Medicaid dollars that will be available for expanded health care coverage are estimated to be \$14,520,000.
8. The waiver will require the department to accomplish significant reprogramming of the Montana Medicaid Information System (MMIS) and the eligibility determination systems. Federal participation in MMIS systems redesign is 90% of the cost.
9. An additional 6.00 FTE are included for program administration. The additional staff are necessary for the Department to administer, enroll and provide support services for this waiver proposal. FTE are necessary for eligibility determination services for the new Medicaid eligibility groups. FTE will also be required to develop the new coverage options for employer premium assistance and individual private insurance under the waiver, develop administrative rules and monitor systems changes for eligibility and claims adjudication, and develop and monitor program expenditures related to the budget neutrality concepts of the waiver and the special terms and conditions as required by the Center for Medicare and Medicaid Services (CMS). This includes waiver expenditure reporting, quality assurance activities, and analysis of the demonstration project.
 - i. 1.00 FTE grade 16 at \$56,060 per year
 - ii. 3.00 FTE grade 15 at \$42,438 per year
 - iii. 2.00 FTE grade 12 at \$32,518 per year each
10. It is anticipated that the waiver will not be approved until FY 2006. Thus this program will be effective in FY 2007.

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FISCAL IMPACT:

| | <u>FY 2006</u> <u>Difference</u> | <u>FY 2007</u> <u>Difference</u> |
|--|-------------------------------------|-------------------------------------|
| FTE | 0.00 | 6.00 |
| <u>Expenditures:</u> | | |
| Personal Services | \$0 | \$248,410 |
| Operating Expenses | 0 | 4,251,590 |
| Benefits | <u>0</u> | <u>10,020,000</u> |
| TOTAL | \$0 | \$14,520,000 |
| <u>Funding of Expenditures:</u> | | |
| Federal Special Revenue (03) | \$0 | \$14,520,000 |
| <u>Revenues:</u> | | |
| Federal Special Revenue (03) | \$0 | \$14,520,000 |
| <u>Net Impact to Fund Balance (Revenue minus Expenditure):</u> | | |
| Federal Special Revenue (03) | \$0 | \$0 |

TECHNICAL NOTES:

The MHSP funds utilized as match for this waiver are funded with I-149 tobacco tax state special revenue, as defined in the Governor Schweitzer budget.